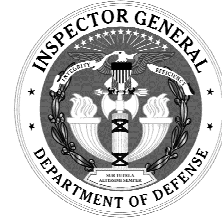


October 15, 2002



Financial Management

Promptness of FY 2003 First Quarter
DoD Payments to the Department of
the Treasury for District of Columbia
Water and Sewer Services
(D-2003-010)

Department of Defense
Office of the Inspector General

Quality

Integrity

Accountability

Report Documentation Page

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Acronyms

IG DoD
WASA

Inspector General of the Department of Defense
Water and Sewer Authority



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

October 15, 2002

MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
NAVAL INSPECTOR GENERAL
DIRECTOR, NATIONAL IMAGERY AND MAPPING
AGENCY
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
DIRECTOR, WASHINGTON HEADQUARTERS SERVICES

SUBJECT: Report on Promptness of FY 2003 First Quarter DoD Payments to the
Department of the Treasury for District of Columbia Water and Sewer
Services (Report No. D-2003-010)

We are providing this report for your information and use. The audit was mandated by Public Law 106-554. No written response to this report was required and none was received. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the staff. Questions on the audit should be directed to Mr. Henry Kleinknecht at (703) 604-9324 (DSN 664-9324) (hkleinknecht@dodig.osd.mil) or Mr. Ronald Hodges at (703) 604-9592 (DSN 664-9592) (rhodges@dodig.osd.mil). See Appendix D for the report distribution. The team members are listed on the inside back cover.

A handwritten signature in black ink, reading "David K. Steensma".

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General of the Department of Defense

Report No. D-2003-010

(Project No. D2003CH-0002)

October 15, 2002

Promptness of FY 2003 First Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services

Executive Summary

Who Should Read This Report and Why? This report should be read by DoD managers and other individuals who have a direct interest in, or are in need of information about, the promptness of water and sewer payments to the District of Columbia.

Background. The audit was conducted in response to Public Law 106-554, the Consolidated Appropriations Act of 2001. The Act requires the inspector general of each Federal agency that receives water and sewer services from the District of Columbia to report to the Congressional Appropriations Committees on the promptness of payments within 15 days of the start of each quarter. The District of Columbia Water and Sewer Authority supplies both water and sewer services to Federal agencies and DoD Components within the National Capital Region. The Department of the Treasury is the collection agent for Federal agencies and DoD Components' water and sewer payments, with the Department of the Treasury submitting a single payment to the Water and Sewer Authority. The DoD Components, composed of 16 separate installations, sites, and organizations, are required to make advance quarterly payments to the Department of the Treasury for estimated bills on anticipated water usage in FY 2003. If the estimated bill is more than actual usage, the DoD Components receive a credit 3 years after the payment, the time it takes for billing reconciliation.

Results. DoD Components promptly made first quarter FY 2003 payments totaling \$530,000 to the Department of the Treasury for District of Columbia water and sewer services. Walter Reed Army Medical Center and National Imagery and Mapping Agency were the only Components required to pay this quarter. Washington Headquarters Services, Arlington National Cemetery, Fort McNair, the Navy, and Bolling Air Force Base have credit balances because of excessive charges in prior years and were not required to make quarterly payments in FY 2003.

Management Comments. We provided a draft of this report on October 8, 2002. No written response to the report was required, and none was received. Therefore, we are publishing this report in final form.

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Background

This audit was required by Public Law 106-554, the Consolidated Appropriations Act of 2001. Public Law 106-554 states:

Not later than the 15th day of the month following each quarter, the inspector general of each Federal department, establishment, or agency receiving water services [or sanitary sewer services] from the District shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate analyzing the promptness of payment with respect to the services furnished to such department, establishment, or agency.

This report covers FY 2003 first quarter payments and is one in a series of reports discussing the promptness of DoD payments to the Department of the Treasury for District of Columbia water and sewer services.

The District of Columbia Water and Sewer Authority. The District of Columbia supplies both water and sewer services to Federal agencies and DoD Components within the National Capital Region. Since October 1996, the District of Columbia Water and Sewer Authority (WASA) has been responsible for delivery of water and sewer services to DoD Components. WASA provides meter readings and annual estimated billings to the Department of the Treasury for water and sewer services provided to the Federal agencies, including DoD Components.

Department of the Treasury Responsibility. Under the District of Columbia Public Works Act of 1954, the Federal Government was to receive water and sewer services from the District of Columbia, and the District of Columbia was paid with an annual lump sum in accordance with the District of Columbia Appropriations Act. The District of Columbia Appropriations Act of 1990 (Public Law 101-168) changed the payment process by designating the Department of the Treasury as the collection agent for the Federal agencies' water and sewer payments, with the Department of the Treasury remitting a single payment to the District of Columbia. Public Law 106-554 amends the process used by the Federal agencies to make payments to the Department of the Treasury. When agencies do not forward timely payments of amounts billed by WASA, the Department of the Treasury is now authorized and directed to automatically withdraw funds from Federal agencies and provide those funds to WASA by the second day of each quarter. The Department of the Treasury bills Federal agencies and DoD Components annually for their estimated water and sewer usage and makes quarterly payments to WASA based on meter readings and estimates provided by WASA. The DoD Components are required to make quarterly payments to the Department of the Treasury for those annual estimated bills. See Appendix C for a list of DoD Components, composed of 16 separate installations, sites, and organizations that received WASA services.

Federal Agency Responsibility. Public Law 101-168 mandates responsibility to the respective Federal agencies for payment of water and sewer services. The funds for the DoD Components receiving water and sewer services come through

the agencies' operating budgets and their respective appropriations bills for the current fiscal year. Each quarterly payment is due to the U.S. Treasury account, "Federal Payment for Water and Sewer Services," on the first day of the quarter. If the estimated bill is more than actual usage, the DoD Components receive a credit 3 years after the payment, the time it takes for billing reconciliation.

Objective

The audit objective was to determine the promptness of DoD FY 2003 first quarter payments to the Department of the Treasury for District of Columbia water and sewer services. See Appendix A for a discussion of the scope and methodology. See Appendix B for prior coverage related to the objective.

DoD FY 2003 First Quarter Payments to the Department of the Treasury

DoD Components promptly made first quarter FY 2003 payments totaling \$530,000 to the Department of the Treasury for District of Columbia water and sewer services. Walter Reed Army Medical Center and National Imagery and Mapping Agency were the only Components required to pay this quarter. Washington Headquarters Services, Arlington National Cemetery, Fort McNair, the Navy, and Bolling Air Force Base have credit balances because of excessive charges in prior years and were not required to make quarterly payments for FY 2003.

Promptness of FY 2003 First Quarter DoD Payments

DoD Components promptly made first quarter FY 2003 payments totaling \$530,000 to the Department of the Treasury for District of Columbia water and sewer services. Walter Reed Army Medical Center and National Imagery and Mapping Agency were the only Components required to pay this quarter. Washington Headquarters Services, Arlington National Cemetery, Fort McNair, the Navy, and Bolling Air Force Base have credit balances totaling \$1.2 million for the quarter because of excessive charges in prior years. As shown in the following table, DoD Components were billed \$530,000, paid \$530,000, and had credits from excessive charges in prior years of \$1.2 million for the FY 2003 first quarter payments.

DoD Components' FY 2003 First Quarter Bills and Payments (As of October 2, 2002)			
	Amount Billed (thousands)	Credits From Overpayments (thousands)	Amount Paid (thousands)
Washington Headquarters Services ¹	\$ 0	\$ (32)	\$ 0
Arlington National Cemetery ²	0	(8)	0
Walter Reed Army Medical Center	428	0	428
Fort McNair ^{3, 4}	0	(3)	0
Navy ^{5, 6}	0	(869)	0
Bolling Air Force Base ⁷	0	(336)	0
National Imagery and Mapping Agency	102	0	102
Total	\$530	\$(1,248)	\$530
¹ For FY 2003, Washington Headquarters Services received a credit of \$126,000 due to excessive charges in prior years; \$32,000 represents the quarterly credit amount			
² For FY 2003, Arlington National Cemetery received a credit of \$33,000 due to excessive charges in prior years; \$8,000 represents the quarterly credit amount			
³ Includes Fort McNair, National War College, and National Defense University Center			
⁴ For FY 2003, Fort McNair received a credit of \$13,000 due to excessive charges in prior years; \$3,000 represents the quarterly credit amount			
⁵ Includes Anacostia Naval Station, Bellevue Naval Housing, Naval Observatory, Marine Corps Barracks (8th & I), Naval Research Laboratory, Nebraska Avenue Annex, Potomac Annex, and Washington Navy Yard			
⁶ For FY 2003, Navy received a credit of \$3.5 million due to excessive charges in prior years; \$869,000 represents the quarterly credit amount			
⁷ For FY 2003, Bolling Air Force Base received a credit of \$1.3 million due to excessive charges in prior years; \$336,000 represents the quarterly credit amount			

Appendix A. Scope and Methodology

We reviewed DoD Component billing and payment information for the first quarter of FY 2003 for District of Columbia water and sewer services. Specifically, we reviewed bills received by DoD Components from the Department of the Treasury to establish the amounts billed for water and sewer services. We contacted the Department of the Treasury to confirm that funds available to DoD Components were withdrawn to pay the District of Columbia for FY 2003 first quarter water and sewer bills. See Appendix C for a list of DoD Components that received water and sewer services from WASA.

We performed this audit in October 2002 in accordance with generally accepted government auditing standards.

We did not review management controls because the audit is required every 3 months by statute and an audit of the management control program, Inspector General of the Department of Defense (IG DoD) Report No. D-2002-140, has already been issued.

Use of Computer-Processed Data. We did not use computer-processed data to perform this audit.

General Accounting Office High-Risk Area. The General Accounting Office has identified several high-risk areas in DoD. This report provides coverage of the DoD Financial Management high-risk area.

Appendix B. Prior Coverage

During the last 5 years, the IG DoD has issued 8 reports discussing the promptness of DoD payments to the Department of the Treasury for District of Columbia water and sewer services. Unrestricted IG DoD reports can be accessed at <http://www.dodig.osd.mil/audit/reports>.

IG DoD

IG DoD Report No. D-2002-140, "Measurement of Water Usage by DoD Components Serviced by the District of Columbia Water and Sewer Authority," August 20, 2002

IG DoD Report No. D-2002-128, "Promptness of FY 2002 Fourth Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services," July 15, 2002

IG DoD Report No. D-2002-082, "Promptness of FY 2002 Third Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services," April 15, 2002

IG DoD Report No. D-2002-040, "Promptness of FY 2002 Second Quarter DoD Payments to the U.S. Treasury for District of Columbia Water and Sewer Services," January 15, 2002

IG DoD Report No. D-2002-007, "Promptness of FY 2002 First Quarter DoD Payments to the U.S. Treasury for District of Columbia Water and Sewer Services," October 15, 2001

IG DoD Report No. D-2001-159, "Promptness and Completeness of FY 2001 Fourth Quarter DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia," July 13, 2001

IG DoD Report No. D-2001-100, "Promptness and Completeness of FYs 2000 and 2001 DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia," April 13, 2001

IG DoD Report No. D-2001-053, "DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia," February 15, 2001

Appendix C. DoD Customers of the District of Columbia Water and Sewer Authority

According to the District of Columbia Water and Sewer Authority, the list below identifies the 16 DoD Components for which WASA provided estimated bills to the Department of the Treasury for water and sewer services for FY 2003.

Army

Arlington National Cemetery
Fort McNair
Walter Reed Army Medical Center

Navy

Anacostia Naval Station
Bellevue Naval Housing
Marine Corps Barracks (8th & I)
Naval Observatory
Naval Research Laboratory
Nebraska Avenue Annex
Potomac Annex
Washington Navy Yard

Air Force

Bolling Air Force Base

Other Defense Organizations

National Defense University Center
National Imagery and Mapping Agency
National War College
Washington Headquarters Services

Appendix D. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)/Chief Financial Officer
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)

Department of the Army

Auditor General, Department of the Army
Commander, Walter Reed Army Medical Center
Director, Arlington National Cemetery

Department of the Navy

Naval Inspector General
Auditor General, Department of the Navy
Director, Field Support Activity

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force
Commander, Bolling Air Force Base

Other Defense Organizations

Director, National Imagery and Mapping Agency
Director, Washington Headquarters Services
Commander, U.S. Joint Forces Command
Commander, U.S. Southern Command
Commander, U.S. Central Command
Commander, U.S. Space Command

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Inspector General, Department of the Treasury

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Reform
House Subcommittee on Government Efficiency, Financial Management, and
Intergovernmental Relations, Committee on Government Reform
House Subcommittee on National Security, Veterans Affairs, and International Relations,
Committee on Government Reform
House Subcommittee on Technology and Procurement Policy, Committee on
Government Reform

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